

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 IO-10 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

ARA-06 EA-07 EUR-12 NEA-10 /131 W

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FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 1036

INFO USDEL MTN GENEVA

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E.O. 11652: N/A

TAGS: ETRD, NI

SUBJECT: MULTILATERAL TRADE NEGOTIATIONS (MTN) -
COUNTRY PROFILES ON SELECTED PARTICIPANTS

REF: A. LAGOS 8390 (NOTAL)

B. STATE 181868

1. FOR ITEM 2. OVERRIDING FACT OF NIGERIAN ECONOMY IS ITS
NEAR TOTAL DEPENDENCE ON OIL REVENUES, WHICH PROVIDE OVER 90 PCT
OF GOVERNMENT INCOME AND OF EXPORT EARNINGS, AND WITHOUT
WHICH ECONOMY WOULD BE IN DESPERATE SHAPE. FMG WELL AWARE ITS
NEW FOUND AFFLUENCE WILL BE SHORT LIVED IN ABSENCE OF ECONOMIC
DEVELOPMENT AND DIVERSIFICATION AND IS STRAINING TO
INDUSTRIALIZE AND MODERNIZE ITS ECONOMY. AT SAME TIME STEPS
HAVE BEEN TAKEN TO OIGERIANIZE BUSINESS AND INDUSTRY AND THE
GOVERNMENT IS RESERVING TO ITSELF MAJORITY SHARE HOLDING IN KEY
INDUSTRIES. EXPORT OF PROCESSED RAW MATERIALS AND OF
MANUFACTURES IS STILL SOME TIOE OFF, HOWEVER, AND FOR THE PRESENT
NIGERIA EXPORTS ONLY A FEW BASIC RAW MATERIALS WHILE IMPORTING
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VIRTUALLY ALL SOPHISTICATED GOODS CONSUMED HERE AND AN

INCREASING PERCENTAGE OF SUCH BASICS AS FOOD AND TEXTILES.

2. FMG'S APPROACH TO MTN AND OTHER INTERNATIONAL ECONOMIC FORA IS BASED ON STRONGLY HELD BELIEF THAT LDC'S HAVE NEVER GOTTEN FAIR SHARE OF WORLD ECONOMIC PIE. WHILE NOT A RADICAL WITHIN G-77, FMG HAS OBJECTIVE OF RIGHTING WRONGS IT SEES IN INTERNATIONAL ECONOMIC STRUCTURE. IN VIEW OF OIL WINDFALL AND OF FACT THAT LOWER TARIFFS HOLD LITTLE BENEFIT FOR NIGERIA IN AREAS OTHER THAN TROPICAL PRODUCTS, FMG DOING CURRENT BATTLE AS MUCH ON BEHALF FELLOW LDC'S AS ITSELF. NEITHER IDEOLOGY NOR ANTI-WESTERN BIAS PLAY ANY PARTICULAR ROLE IN THIS PROCESS. (NIGERIANS ARE CAPITALISTS AT HEART, EVEN WHILE RECOGNIZING THAT GOVERNMENT MUST TAKE THE INITIATIVE IN MODERNIZING THEIR ECONOMY). NIGERIA HAS SEEN WHAT OPEC-STYLE SOLIDARITY CAN ACCOMPLISH AND IS CONVINCED THAT LDC'S MUST PULL TOGETHER AND THAT IN THIS PROCESS NIGERIA HAS ROLE OF LEADERSHIP. FACT THAT FMG MAY EXPECT ONLY MARGINAL MTN BENEFITS FOR ITSELF DOES NOT PRECLUDE STRONG NIGERIAN ADVOCACY OF COMMON LDC POSITIONS. SPECIFIC FMG GOALS FOR MTN INCLUDE LOWER TARIFFS WHICH INCORPORATE BUILT-IN LDC PREFERENCES; INSURED ACCESS TO DEVELOPED COUNTRY MARKETS; PREVENTION OF EROSION OF GSP THROUGH TARIFF CUTS FOR DEVELOPED COUNTRIES OR OF EROSION OF BENEFITS GRANTED ACP BY EEC THROUGH GRANTING OF SIMILAR BENEFITS TO OTHER LDC'S; GREATER TRADE AMONG LDC'S.

3. FOR ITEM 3. A) GENERAL TARIFF POLICY. UNTIL RECENT QUANTUM JUMP IN OIL REVENUE, IMPORT TARIFFS WERE A PRIME SOURCE OF INCOME FOR FMG. GENERALLY HIGH TARIFFS WERE ALSO USED TO PROMOTE DEVELOPMENT OF DOMESTIC INDUSTRY AND AGRICULTURE. WITH ADVENT OF PETRODOLLARS, CUSTOMS REVENUE HAS BECOME RELATIVELY INSIGNIFICANT, AND AS PROBLEM HAS SHIFTED TO ONE OF EXCESS DEMAND AND SOARING PRICES, FMG POLICY HAS BEEN TO LOWER TARIFFS AS AN ANTI-INFLATION TOOL. GOVERNMENT HAS DEVOTED CONTINUING IF UNSUCCESSFUL EFFORTS TO COMBATTING INFLATION, INCLUDING LOWERING OF IMPORT DUTIES IN LAST THREE SECESSIVE DUGDETS. USE OF TARIFFS TO PROTECT DOMESTIC INDUSTRIES IS NOW ACADEMIC SINCE DOMESTIC PRODUCTION WHOLLY INADEQUATE TO LIMITED OFFICIAL USE

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SATISFY LOCAL DEMAND.

B) GENERAL NTB POLICY. WITH THE ENTIRE EMPHASIS ON INCREASING GOODS AVAILABLE TO NIGERIAN CONSUMERS AND WITH DOMESTIC PRODUCTION UNABLE TO SATISFY DEMAND, NTB'S DO NOT PLAY A LARGE ROLE IN FMG TRADE POLICY. AS LOCAL PRODUCTION INCREASES THE GOVERNMENT PROBABLY CAN BE RELIED ON TO OFFER PROTECTION, AS IT DID APRIL 1 FOR NEWLY OPENED PEUGEOT AND

VOLKSWAGEN ASSEMBLY PLANTS. LICENSES TO IMPORT ARE REQUIRED FOR ONLY A VERY SMALL NUMBER OF ITEMS, AND QUANTITATIVE RESTRICTIONS ARE USED SPARINGLY. GOVERNMENT PROCUREMENT AND/OR SUBSIDIES, WHERE USED, WOULD BE AIMED MORE AT DEVELOPING LOCAL PRODUCTION CAPABILITIES THAN AT RESTRICTING IMPORTS.

C) REGIONAL AND KEY BILATERAL DIMENSIONS OF TRADE POLICY. VAST MAJORITY OF NIGERIAN TRADE HAS BEEN AND CONTINUES TO BE WITH DEVELOPED WESTERN COUNTRIES. THIS TRADING PATTERN IS UNLIKELY TO BE ALTERED SIGNIFICANTLY OVER THE NEXT DECADE. INCREASED TRADE AMONG LDC'S, PARTICULARLY WITH OTHER AFRICANS, IS AN FMG GOAL, BUT NIGERIA RECOGNIZES THIS TO BE A LONG TERM DEVELOPMENT. THUS WHILE GOOD DEAL OF NIGERIAN ENERGY WENT INTO FORMATION OF ECOWAS, WHICH STIPULATES AN EVENTUAL CUSTOMS UNION AMONG ITS 15 WEST AFRICAN MEMBERS, FMG WELL AWARE ITS PRIORITY OF GETTING BETTER DEAL FOR LDC'S WILL LIKELY BE BETTER SERVED IN SHORT RUN BY CONCENTRATION ON ITEMS MENTIONED PARA. 2.

D) MONETARY POLICY MEASURES TAKEN FOR BALANCE OF TRADE REASONS. WITH RECENT RECORD TRADE SURPLUSES NIGERIA HAS NOT BEEN FORCED TO RESORT TO CURRENCY DEVALUATION TO ACHIEVE SATISFACTORY TRADE BALANCE. TO THE CONTRARY, AS PART OF ANTI-INFLATION CAMPAIGN MONETARY AUTHORITIES IN 1974 APPRECIATED NAIRA AGAINST THE TWO CURRENCIES WITH WHICH IT IS LINKED, THE DOLLAR AND STERLING. THIS RESULTED IN REVALUATION AGAINST ALL MAJOR TRADING CURRENCIES BUT THE MARK OF FROM 7 TO 14 PCT. SLIGHT DOWNWARD READJUSTMENTS HAVE BEEN MADE IN VIEW OF RECENT STRENGTHENING OF THE DOLLAR.

E) OTHER POLICY INSTRUMENTS. LIMITS OF ACCESS TO SUPPLY IS A MAJOR POLICY WEAPON ONLY IN THE EXPORT OF OIL BY THIS OPEC MEMBER, AND THAT SUBJECT NEEDS NO FURTHER ELUCIDATION.

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4. FOR ANNEX A: TRADE POLICY DECISION MAKING EMANATES FOR THE MOST PART FROM WORKING LEVELS OF MINTRADE. DEPENDING ON TOPIC INTER-MINISTRY MEETINGS CHAIRED BY MINTRADE MAY INCLUDE REPS FROM BOARD OF CUSTOMS; MINISTRIES OF FINANCE, INDUSTRY AND AGRICULTURE; NATIONAL PRODUCE MARKETING BOARD; AND OCCASIONALLY CENTRAL BANK. RECOMMENDED POSITIONS MOVE UPWARD THROUGH MINTRADE PERMSEC TO COMMISSIONER AND THEN TO FEDERAL EXECUTIVE COUNCIL FOR APPROVAL.

5. FOR ANNEX B; KEY MTN PERSONNEL IN LAGOS, ALL IN ECONOMIC DIVISION OF MINTRADE, ARE O.A. ADESOYE, UNDER SECRETARY AND HEAD OF DIVISION; P.O. OGUNYEMI, PRINCIPAL ASSISTANT SECRETARY; AND S.T. ABOLAJI, T.M. SULE AND MRS. A. ADAMU, ALL ASSISTANT SECRETARIES. MINISTER O.ALO AND J.A. ADEWAKUN

HANDLE MTN IN GENEVA.

6. APPRECIATE COPY OF COMPLETED NIGERIA PROFILE.
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Message Attributes

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